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CIA/OER/S-06511-74

27 September 1974

MEMORANDUM FOR THE RECORD

SUBJECT: OPEC Balance of Payments Estimates

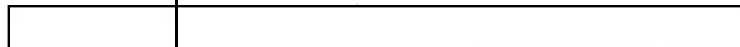
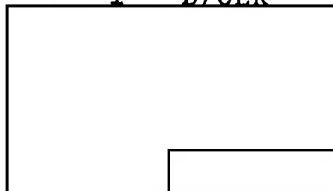
The attached memorandum was sent on 26 September to Charles A. Cooper, Assistant Secretary for International Affairs, Department of the Treasury. Additional copies were sent to Robert Ryan, Director, Office of Monetary Affairs, Department of State and F. Lisle Widman, Director, Office of International Monetary Affairs.



Office of Economic Research

Attachment:
As stated

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The memorandum we sent you last night -- OPEC Balance of Payments Estimates -- contains incorrect data on OPEC oil receipts because of programming errors.

We now estimate that OPEC oil receipts will bulge substantially next month. Similar but lesser payments bulges occurred in January, April, and July. Transfers of the magnitude we now believe will occur in October could well lead to a spate of rumors and possibly even some instability.

Quarterly equity payments account for most of the bulge. Abu Dhabi, Kuwait, Qatar, Iraq, Libya, Algeria, and Indonesia receive taxes and royalties one month following the end of each quarter.

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Quarterly payments are reflected in official reserve holdings. Changes in reserves for these nations are correlated with oil receipts when deposit lags are considered. Kuwait, Libya, and Indonesia receive their payments near the end of the month and often are reflected in the following month's reserves.

In October and early November, equity receipts will exceed \$7 billion. We believe that retroactive payments and receipts for participation oil will add over \$4 billion. This will be a record transfer of funds to OPEC. The attached

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table shows the composition of these receipts together with monthly and quarterly flows for the year.

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OPEC OIL RECEIPTS 1974

(Millions US \$)

	EQUITY	PARTICIPATION	TOTAL	
JAN	3879	486	4365	
FEB	2850	568	3418	FIRST QUARTER
MAR	3083	581	3664	11447
APR	7440	1385	8825	
MAY	3795	1271	5066	SECOND QUARTER
JUN	4014	1475	5489	19380
JUL	7485	3556	11041	
AUG	4143	1659	5802	THIRD QUARTER
SEP	3941	4688	8529	25372
OCT	7491	4275	11766	
NOV	4014	4167	8181	FOURTH QUARTER
DEC	4125	4177	8302	28249

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ESTIMATED OPEC BALANCE OF PAYMENTS

	1974	
	1ST HALF	2ND HALF
EXPORT RECEIPTS OF WHICH:	33.3	56.4
OIL	30.8	53.6
NON-OIL	2.5	2.8
IMPORT PAYMENTS (C.I.F.)	14.7	17.7
TRADE BALANCE	18.6	38.7
NET SERVICES	-.7	.7
CURRENT ACCOUNT BALANCE	17.9	39.4
INCREASE IN REPORTED RESERVES ¹	16.9	

¹Reserves, for most producers, were taken from International Financial Statistics. Qatar and the UAE's international liquidity was derived from estimated current account balances.

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25 September 1974

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